



**NOTICE OF A WORK AND REGULAR SESSION
OF THE VINEYARD CITY COUNCIL MEETING
January 24, 2018 at 6:00 PM**

Public Notice is hereby given that the Vineyard City Council will hold a Work and Regular Session of the Vineyard City Council meeting on Wednesday, January 24, 2018, at 6:00 pm in the Vineyard City Hall, 240 East Gammon Road, Vineyard, Utah. The agenda will consist of the following:

AGENDA

WORK SESSION

1. CALL TO ORDER

2. INVOCATION/INSPIRATIONAL THOUGHT/PLEDGE OF ALLEGIANCE

- 3. OPEN SESSION – Citizens’ Comments** (15 minutes)
“Open Session” is defined as time set aside for citizens to express their views for items not on the agenda. Each speaker is limited to three minutes. Because of the need for proper public notice, immediate action **cannot** be taken in the Council Meeting. If action is necessary, the item will be listed on a future agenda, however, the Council may elect to discuss the item if it is an immediate matter of concern.

4. MAYOR AND COUNCILMEMBERS’ REPORTS/DISCLOSURES/RECUSALS

5. STAFF AND APPOINTMENT REPORTS

- Youth Council Advisor
- City Manager/Finance Director – Jacob McHargue
- Public Works Director/Engineer – Don Overson
- City Attorney – David Church
- Utah County Sheriff’s Department – Sergeant Holden Rockwell – Quarterly/Annual Report
- Community Development and Planning Commission – Director Morgan Brim/Chair
Cristy Welsh
- City Recorder – Pamela Spencer
- Building Official – George Reid
- Water/Parks Manager Sullivan Love - Timpanogos Special Service District - Board
Member

6. DISCUSSION ITEMS

No items were submitted.

REGULAR SESSION

7. MAYOR'S APPOINTMENTS

7.1 DISCUSSION AND ACTION – Vineyard Youth Council Advisor *(15 minutes)*

Mayor Fullmer will present her recommendation for the appointment of the Vineyard Youth Council Advisor. The mayor and City Council will take appropriate action.

8. CONSENT ITEMS

- a) Approval of the January 10, 2018 City Council Meeting Minutes
- b) Final approval of Waters Edge – The Springs Plat C
- c) Final approval of Waters Edge – Westbrook Plat D
- d) Final amended approval of Waters Edge – The Lochs Plat C
- e) Approval of Purchases for sidewalk repair and ADA compliance

9. BUSINESS ITEMS

9.1. DISCUSSION AND ACTION – Fiscal Year 2016-2017 Audit Report *(15 minutes)*

Gilbert and Stewart will present the annual financial audit report for fiscal year 2016-2017 for consideration and possible approval by the Council.

10. CLOSED SESSION

The Mayor and City Council pursuant to Utah Code 52-4-205 may vote to go into a closed session for the purpose of:

- (a) discussion of the character, professional competence, or physical or mental health of an individual
- (b) strategy sessions to discuss collective bargaining
- (c) strategy sessions to discuss pending or reasonably imminent litigation
- (d) strategy sessions to discuss the purchase, exchange, or lease of real property
- (e) strategy sessions to discuss the sale of real property

11. ADJOURNMENT

This meeting may be held electronically to allow a councilmember to participate by teleconference.

The next regularly scheduled meeting is February 14, 2018.

The Public is invited to participate in all City Council meetings. In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify the City Recorder at least 24 hours prior to the meeting by calling (801) 226-1929.

I the undersigned duly appointed Recorder for Vineyard, hereby certify that the foregoing notice and agenda was emailed to the Salt Lake Tribune and Daily Herald, posted at the Vineyard City Hall, the Vineyard City Offices, the Vineyard website, the Utah Public Notice website, delivered electronically to city staff and to each member of the Governing Body.

AGENDA NOTICING COMPLETED ON: January 23, 2017

CERTIFIED (NOTICED) BY: /s/ Pamela Spencer

PAMELA SPENCER, CITY RECORDER

Town of Vineyard
Utah County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

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Town of Vineyard
TABLE OF CONTENTS
June 30, 2017

	<u>Beginning on page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Government Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	45
Notes to Required Supplementary Information	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Redevelopment Agency Fund	49
Schedule of the Proportionate Share of the Net Pension Liability	50
Schedule of Contributions	51
OTHER INFORMATION	53
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Independent Auditor's Report in Accordance with the <i>State Compliance Audit Guide</i>	57

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Vineyard City
Management's Discussion and Analysis
June 30, 2017

As management of Vineyard City (the City), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2017

FINANCIAL HIGHLIGHTS

*Total net position for the City as a whole increased by \$8,265,947

*Total unrestricted net position for the City as a whole increased by \$5,227,401

*Total net position for governmental activities increased by \$7,118,836

*Total net position for business-type activities increased by \$1,147,110

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Vineyard City. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Vineyard City
Management's Discussion and Analysis
June 30, 2017

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three major governmental funds, the general fund, redevelopment agency fund, and capital projects fund.

The City adopts an annual appropriated budget for all its funds. Budgetary comparison schedules have been provided to demonstrate legal compliance with the adopted budget for the general fund and redevelopment agency fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses four enterprise fund to account for the operations of the water, sewer, storm water, and transportation activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

Vineyard City
Management's Discussion and Analysis
June 30, 2017

FINANCIAL ANALYSIS

Vineyard City's Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 8,603,449	8,092,951	2,276,386	2,254,142	10,879,835	10,347,093
Non-current assets	84,724,592	82,853,212	10,726,512	11,057,816	95,451,104	93,911,028
Deferred outflows of resources	268,928	130,931	-	-	268,928	130,931
Total assets and deferred outflows	\$ 93,596,969	91,077,094	13,002,898	13,311,958	106,599,867	104,389,052
Long-term debt outstanding	\$ 34,898,119	39,985,369	5,621,213	5,977,938	40,519,333	45,963,307
Other liabilities	699,760	648,509	1,060,719	2,160,166	1,760,479	2,808,675
Deferred inflows of resources	1,763,442	1,326,440	-	-	1,763,442	1,326,440
Total liabilities and deferred inflows	37,361,321	41,960,318	6,681,932	8,138,104	44,043,253	50,098,422
Net position:						
Net investment in capital assets	49,599,584	20,780,272	5,105,299	5,079,879	54,704,883	25,860,151
Restricted	3,121,012	29,588,940	1,560,350	898,610	4,681,362	30,487,550
Unrestricted	3,515,051	(1,252,400)	(344,683)	(804,633)	3,170,368	(2,057,033)
Total net position	\$ 56,235,648	49,116,812	6,320,966	5,173,856	62,556,613	54,290,668

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$62,556,613, an increase of \$8,265,946 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$3,170,368, which represents an increase of \$5,227,401 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Vineyard City
Management's Discussion and Analysis
June 30, 2017

FINANCIAL ANALYSIS (continued)

Vineyard City's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 2,947,287	1,155,102	1,453,508	395,033	4,400,795	1,550,135
Operating grants	78,070	19,582	-	-	78,070	19,582
Capital grants	1,637,965	683,946	1,255,404	1,268,781	2,893,369	1,952,727
General revenues:						
Property taxes	7,582,405	5,418,836	-	-	7,582,405	5,418,836
Sales tax	572,252	181,778	-	-	572,252	181,778
Other taxes	278,766	224,372	-	-	278,766	224,372
Other revenues	470,127	87,051	6,975	4,159	477,102	91,210
Total revenues	13,566,872	7,770,667	2,715,886	1,667,973	16,282,758	9,438,640
Expenses:						
General government	3,456,424	1,544,144	-	-	3,456,424	1,544,144
Public safety	713,454	236,783	-	-	713,454	236,783
Highways and public works	1,115,822	369,284	-	-	1,115,822	369,284
Parks and recreation	89,534	57,813	-	-	89,534	57,813
Interest on long-term debt	1,072,802	640,068	-	-	1,072,802	640,068
Water	-	-	898,945	374,258	898,945	374,258
Sewer	-	-	601,296	324,024	601,296	324,024
Storm water	-	-	59,992	-	59,992	-
Transportation	-	-	8,543	-	8,543	-
Total expenses	6,448,035	2,848,092	1,568,776	698,282	8,016,811	3,546,374
Transfers in (out)	-	(889,931)	-	889,931	-	-
Change in net position	\$ 7,118,836	4,032,644	1,147,110	1,859,622	8,265,947	5,892,266

For the City as a whole, total revenues increased by \$6,844,118 compared to the previous year, while total expenses increased by \$4,470,437. The total net change of \$8,265,947 is, in private sector terms, the net income for the year which is \$2,373,681 more than the previous year.

Governmental activities revenues of \$13,566,872 is an increase of \$5,796,205 from the previous year. This is primarily due to capital contributions during the year. Governmental activities expenses of \$6,448,035 is an increase of \$3,599,943 from the previous year. Expenses across all departments increased during the year.

Business-type activities revenue of \$2,715,886 is an increase of \$1,047,913 from the previous year. Service revenues increased by \$1,058,475 and capital grants decreased by \$13,377. Business-type activities expenses of \$1,568,776 is an increase of \$870,494 from the previous year. This is due to an overall increase in operation expenses.

Vineyard City
Management's Discussion and Analysis
June 30, 2017

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

General Fund

The fund balance of \$1,279,525 reflects a decrease of \$842,570 from the previous year. Total revenues increased by \$3,054,426. Charges for services, fines and forfeitures, interest, and miscellaneous revenues increased by \$489,851. All other revenues increased by a total of \$2,564,575.

Total expenditures, excluding transfers, increased by \$1,761,616. Current expenditure changes by department were as follows: general government increased by \$909,586; public safety increased by \$476,671; highways and public works increased by \$344,845; and parks and recreation increased by \$30,514.

The unassigned fund balance is \$1,279,525.

Redevelopment Agency Fund

The fund balance of \$24,886,524 reflects a decrease of \$3,832,266. Total revenues, excluding transfers, increased by \$477,378, while total expenditures increased by \$21,123,485.

Water Fund

Net operating income was \$57,278 compared to the previous year net operating loss of \$1,034. The change in net position was \$725,993, compared to the previous year's net change of \$293,509.

The amount restricted for construction is \$1,560,350. The unrestricted net position is a deficit of \$228,350.

Sewer Fund

Net operating loss was \$207,644 compared to the previous year net operating loss of \$319,527. The change in net position was \$383,332, compared to the previous year's net change of \$352,707.

The unrestricted net position is a deficit of \$183,301.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$3,080,800. The final budget was \$5,139,000. Actual revenues, excluding transfers, amounted to \$5,469,344, which was \$330,344 more than budgeted.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$2,901,100. The final budget was \$3,377,400. Actual expenditures amounted to \$3,050,314, which was \$327,086 less than budgeted.

Transfers out for the year were originally budgeted in the amount of \$179,700. The final budget for transfers out was for the amount of \$3,261,600. Actual net transfers out were made in the amount of \$3,261,600.

Vineyard City
Management's Discussion and Analysis
June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Vineyard City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Net Capital Assets:						
Land and water rights	\$ 10,754,674	10,754,674	531,575	531,575	11,286,249	11,286,249
Buildings	2,411,272	567,709	-	-	2,411,272	567,709
Improvements other than buildings	203,959	39,698	-	-	203,959	39,698
Machinery and equipment	175,127	98,192	-	-	175,127	98,192
Infrastructure	45,402,556	26,594,972	-	-	45,402,556	26,594,972
Water and sewer systems	-	-	10,341,849	10,341,849	10,341,849	10,341,849
Construction in progress	875,183	17,571,111	1,563,455	1,563,455	2,438,638	19,134,567
 Total	 59,822,770	 55,626,356	 12,436,879	 12,436,879	 72,259,649	 68,063,235
 Less accumulated depreciation	 (3,144,025)	 (2,362,084)	 (1,710,367)	 (1,379,063)	 (4,854,392)	 (3,741,147)
 Net Capital Assets	 \$ 56,678,745	 53,264,272	 10,726,512	 11,057,816	 67,405,257	 64,322,088

The total amount of capital assets, net of depreciation, of \$67,405,257 is an increase of \$3,083,169 from the previous year.

Governmental activities capital assets, net of depreciation, of \$56,678,745 is an increase of \$3,414,473 from the previous year.

Business-type activities capital assets, net of depreciation, of \$10,726,512 is a decrease of \$331,304 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Vineyard City
Management's Discussion and Analysis
June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Vineyard City's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Governmental activities:		
2012 RDA Revenue Bonds	\$ -	8,539,000
2013 RDA Revenue Bonds	-	7,795,000
2016 Tax Increment Revenue Bond	13,056,000	16,150,000
2016 RDA Refunding Bond	14,535,000	-
Note payable - Developer	7,028,744	7,349,769
Total governmental	\$ 34,619,744	39,833,769
Business-type activities:		
Note Payable - Developer	5,621,213	5,977,937
Total business-type	\$ 5,621,213	5,977,937
Total outstanding debt	\$ 40,240,957	45,811,706

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Vineyard City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Finance Director, Vineyard City, 240 E. Grammond Rd., Vineyard, UT 84058.

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BASIC FINANCIAL STATEMENTS

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Vineyard City
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,579,612	2,086,317	8,665,929
Accounts receivable, net	2,023,541	190,069	2,213,610
Other assets	296	-	296
Total current assets	8,603,449	2,276,386	10,879,835
Non-current assets:			
Restricted cash and cash equivalents	28,045,847	-	28,045,847
Capital assets:			
Not being depreciated	11,629,856	2,095,030	13,724,887
Net of accumulated depreciation	45,048,889	8,631,482	53,680,371
Net pension assets	-	-	-
Total non-current assets	84,724,592	10,726,512	95,451,104
Total assets	93,328,041	13,002,898	106,330,939
Deferred outflows of resources - pensions	268,928	-	268,928
Total assets and deferred outflows of resources	\$ 93,596,969	13,002,898	106,599,867
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 575,129	1,060,719	1,635,848
Accrued interest payable	124,631	-	124,631
Revenue bonds due within one year	2,351,000	-	2,351,000
Total current liabilities	3,050,760	1,060,719	4,111,479
Non-current liabilities:			
Notes payable	7,028,744	5,621,213	12,649,958
Revenue bonds due after one year	25,240,000	-	25,240,000
Net pension liability	278,375	-	278,375
Total non-current liabilities	32,547,119	5,621,213	38,168,333
Total liabilities	35,597,879	6,681,932	42,279,811
Deferred inflows of resources - property taxes	1,725,486	-	1,725,486
Deferred inflows of resources - pensions	37,956	-	37,956
Total liabilities and deferred inflows of resources	37,361,321	6,681,932	44,043,253
NET POSITION:			
Net investment in capital assets	49,599,584	5,105,299	54,704,883
Restricted for:			
Debt service	-	-	-
Construction	3,121,012	1,560,350	4,681,362
Unrestricted	3,515,051	(344,683)	3,170,368
Total net position	56,235,648	6,320,966	62,556,613
Total liabilities, deferred inflows of resources and net position	\$ 93,596,969	13,002,898	106,599,867

The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 3,456,424	2,076,691	-	-	(1,379,733)
Public safety	713,454	36,358	-	-	(677,095)
Highways and public works	1,115,822	834,237	78,070	1,637,965	1,434,451
Parks and recreation	89,534	-	-	-	(89,534)
Interest on long-term debt	1,072,802	-	-	-	(1,072,802)
Total governmental activities	6,448,035	2,947,287	78,070	1,637,965	(1,784,713)
Business-type activities:					
Water	898,945	956,223	-	661,740	719,018
Sewer	601,296	393,652	-	590,975	383,332
Storm water	59,992	69,598	-	2,688	12,294
Transporation utility	8,543	34,034	-	-	25,491
Total business-type activities	1,568,776	1,453,508	-	1,255,404	1,140,135
Total primary government	\$ 8,016,811	4,400,795	78,070	2,893,369	(644,577)

(continued on next page)

The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2017

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (1,784,713)	1,140,135	(644,577)
General revenues:			
Property taxes	7,582,405	-	7,582,405
Sales tax	572,252	-	572,252
Other taxes	278,766	-	278,766
Unrestricted investment earnings	466,475	6,975	473,450
Contributed assets	-	-	-
Miscellaneous	3,652	-	3,652
Total general revenues	8,903,549	6,975	8,910,524
Transfers in (out)	-	-	-
Change in net position	7,118,836	1,147,110	8,265,947
Net position - beginning restated	49,116,811	5,173,855	54,290,667
Net position - ending	\$ 56,235,648	6,320,966	62,556,613

The notes to the financial statements are an integral part of this statement.

Vineyard City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Special Revenue RDA Fund	Capital Projects Fund	Nonmajor Special Revenue Impact Fee Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,551,325	-	5,028,288	-	6,579,612
Accounts receivable, net of allowances	1,972,698	50,843	-	-	2,023,541
Other assets	296	-	-	-	296
Restricted cash and cash equivalents	-	24,906,839	-	3,139,008	28,045,847
TOTAL ASSETS	\$ 3,524,318	24,957,682	5,028,288	3,139,008	36,649,296
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 134,238	67,022	719	17,995	219,974
Accrued liabilities	351,019	4,135	-	-	355,154
Total liabilities	485,257	71,158	719	17,995	575,129
Deferred inflows of resources - property taxes	1,759,536	-	-	-	1,759,536
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,244,793	71,158	719	17,995	2,334,665
FUND BALANCES:					
Restricted for:					
Impact fees	-	-	-	3,121,012	3,121,012
Debt service	-	-	-	-	-
Redevelopment Agency	-	24,886,524	-	-	24,886,524
Assigned for:					
Capital projects	-	-	5,027,569	-	5,027,569
Unassigned	1,279,525	-	-	-	31,193,618
TOTAL FUND BALANCES	1,279,525	24,886,524	5,027,569	3,121,012	34,314,631
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,524,318	24,957,682	5,028,288	3,139,008	36,649,296

The notes to the financial statements are an integral part of this statement.

Vineyard City
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2017

	General Fund	Special Revenue RDA Fund	Capital Projects Fund	Nonmajor Special Revenue Impact Fee Fund	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 1,511,529	6,067,383	-	-	7,578,912
Sales	572,252	-	-	-	572,252
Other taxes	278,766	-	-	-	278,766
License and permits	2,041,817	-	-	-	2,041,817
Intergovernmental revenues	78,070	-	-	-	78,070
Charges for services	834,237	34,875	-	-	869,112
Fines and forfeitures	36,358	-	-	-	36,358
Interest	112,663	335,306	-	18,506	466,475
Miscellaneous revenue	3,652	-	-	-	3,652
Total revenues	5,469,344	6,437,564	-	18,506	11,925,414
Expenditures:					
Current:					
General government	1,848,976	4,330,413	1,398,911	-	7,578,300
Public safety	713,454	-	-	-	713,454
Highways and public works	402,155	-	-	-	402,155
Parks and recreation	85,729	-	-	-	85,729
Debt service:					
Principal	-	20,469,000	-	-	20,469,000
Interest	-	1,046,417	-	-	1,046,417
Total expenditures	3,050,314	25,845,829	1,398,911	-	30,295,055
Excess (deficiency) of revenues over (under) expenditures	2,419,030	(19,408,266)	(1,398,911)	18,506	(18,369,641)
Other financing sources and (uses):					
Bond proceeds	-	15,576,000	-	-	15,576,000
Impact fees	-	-	-	1,637,965	1,637,965
Developer reimbursements	-	-	-	(321,025)	(321,025)
Transfers in	-	-	3,261,600	-	3,261,600
Transfers (out)	(3,261,600)	-	-	-	(3,261,600)
Total other financing sources and (uses)	(3,261,600)	15,576,000	3,261,600	1,316,940	16,892,940
Net change in fund balances	(842,570)	(3,832,266)	1,862,689	1,335,447	(1,476,700)
Fund balances - beginning of year	2,122,095	28,718,790	3,164,880	1,785,566	35,791,331
Fund balance - end of year	\$ 1,279,525	24,886,524	5,027,569	3,121,012	34,314,631

The notes to the financial statements are an integral part of this statement.

Vineyard City
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2017

Total Fund Balance for Governmental Funds	<u>\$ 34,314,631</u>
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	59,822,770
Less accumulated depreciation	<u>(3,144,025)</u>
Net capital assets	<u>56,678,745</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	<u>-</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>268,928</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt and notes	<u>(34,619,744)</u>
Interest accrued but not yet paid on long-term debt	<u>(124,631)</u>
Net pension liability	<u>(278,375)</u>
Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.	
Deferred inflows of resources - delinquent property tax	<u>34,050</u>
Deferred inflows of resources - pensions	<u>(37,956)</u>
Total Net Position of Governmental Activities	<u><u>\$ 56,235,648</u></u>

The notes to the financial statements are an integral part of this statement.

Vineyard City
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,476,700)</u>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	4,196,415
Contributed land and infrastructure	-
Depreciation expense	<u>(781,941)</u>
Net	<u>3,414,473</u>

The Statement of Activities show pension benefits, pension expenses, and non-employer contributions related GASB 68 that are not shown in the fund statements.	<u>(10,069)</u>
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Bond proceeds are reported as financing sources in government funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Debt issued - bonds	<u>(15,576,000)</u>
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	<u>20,469,000</u>
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Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>(26,385)</u>
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Governmental funds do not report certain revenues because these revenues are not available for current period expenses.

Change in deferred inflow of resources - delinquent property tax	<u>3,492</u>
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The Town has entered into an agreement to pay back a developer for cost incurred developing a part of the Town. The Town is responsible to pay back a portion of each impact fee collected in that area. Governmental funds report the payments as expenditures. However, in the statement of activities, it used to pay down the long-term liability to the developer.

	<u>321,025</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 7,118,836</u></u>
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The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2017

	Water Fund	Sewer Fund	Storm Water Fund	Transp- ortation Utility Fund	Total Utility Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 1,815,755	212,368	18,378	39,817	2,086,317
Accounts receivable, net	112,802	64,866	7,927	4,473	190,069
Total current assets	<u>1,928,557</u>	<u>277,234</u>	<u>26,305</u>	<u>44,290</u>	<u>2,276,386</u>
Non-current assets:					
Capital assets:					
Not being depreciated	531,575	1,563,455	-	-	2,095,030
Net of accumulated depreciation	1,940,444	6,691,038	-	-	8,631,482
Total non-current assets	<u>2,472,019</u>	<u>8,254,493</u>	<u>-</u>	<u>-</u>	<u>10,726,512</u>
Total assets	<u>\$ 4,400,576</u>	<u>8,531,727</u>	<u>26,305</u>	<u>44,290</u>	<u>13,002,898</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 158,390	415,197	-	-	573,587
Accrued liabilities	438,167	45,338	3,158	469	487,132
Total current liabilities	<u>596,557</u>	<u>460,535</u>	<u>3,158</u>	<u>469</u>	<u>1,060,719</u>
Non-current liabilities:					
Notes payable	780,227	4,840,987	-	-	5,621,213
Total non-current liabilities	<u>780,227</u>	<u>4,840,987</u>	<u>-</u>	<u>-</u>	<u>5,621,213</u>
Total liabilities	<u>1,376,784</u>	<u>5,301,522</u>	<u>3,158</u>	<u>469</u>	<u>6,681,932</u>
NET POSITION:					
Net investment in capital assets	1,691,792	3,413,507	-	-	5,105,299
Restricted for:					
Capital projects	1,560,350	-	-	-	1,560,350
Unrestricted	(228,350)	(183,301)	23,147	43,821	(344,683)
Total net position	<u>3,023,792</u>	<u>3,230,205</u>	<u>23,147</u>	<u>43,821</u>	<u>6,320,966</u>
Total liabilities and net position	<u>\$ 4,400,576</u>	<u>8,531,727</u>	<u>26,305</u>	<u>44,290</u>	<u>13,002,898</u>

The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2017

	Water Fund	Sewer Fund	Storm Water Fund	Transp- ortation Utility Fund	Total Utility Funds
Operating income:					
Charges for sales and service	\$ 687,265	393,652	69,598	34,034	1,184,550
Connection fees	268,958	-	-	-	268,958
Total operating income	956,223	393,652	69,598	34,034	1,453,508
Operating expenses:					
Personnel services	102,181	81,038	58,905	8,016	250,141
Utilities	6,255	7,045	-	-	13,300
Repair and maintenance	704,936	250,439	-	527	955,901
Professional and technical	16,068	-	550	-	16,618
Other supplies and expenses	975	-	537	-	1,512
Depreciation expense	68,530	262,774	-	-	331,304
Total operating expense	898,945	601,296	59,992	8,543	1,568,776
Net operating income (loss)	57,278	(207,644)	9,606	25,491	(115,268)
Non-operating income (expense):					
Impact fees	661,740	590,975	2,688	-	1,255,404
Interest income	6,975	-	-	-	6,975
Total non-operating income (expense)	668,715	590,975	2,688	-	1,262,379
Change in net position	725,993	383,332	12,294	25,491	1,147,110
Net position - beginning	2,297,799	2,846,874	10,853	18,330	5,173,855
Net position - ending	\$ 3,023,792	3,230,205	23,147	43,821	6,320,966

The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

	Water Fund	Sewer Fund	Storm Water Fund	Transp- ortation Utility Fund	Total Utility Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 900,582	353,411	67,630	32,073	1,353,697
Cash paid to suppliers	(1,766,053)	120,112	(1,087)	(527)	(1,647,555)
Cash paid to employees	(96,876)	(77,097)	(57,817)	(7,715)	(239,505)
Net cash provided (used) in operating activities	(962,347)	396,426	8,726	23,831	(533,363)
Cash flows from noncapital financing activities:					
Net interfund activity	-	-	-	-	-
Net cash provided (used) in noncapital financing activities	-	-	-	-	-
Cash flows from capital and related financing activities:					
Cash received from impact fees	661,740	590,975	2,688	-	1,255,404
Cash payments for capital assets	-	-	-	-	-
Cash payments for notes payable	(31,548)	(325,176)	-	-	(356,724)
Net cash provided (used) in capital and related financing activities	630,192	265,799	2,688	-	898,679
Cash flows from investing activities:					
Cash received from interest earned	6,975	-	-	-	6,975
Net cash provided (used) in investing activities	6,975	-	-	-	6,975
Net increase (decrease) in cash	(325,180)	662,226	11,414	23,831	372,291
Cash balance, beginning	2,140,935	(449,858)	6,964	15,986	1,714,026
Cash balance, ending	\$ 1,815,755	212,368	18,378	39,817	2,086,317
Cash reported on the statement of net position:					
Cash and cash equivalents	\$ 1,815,755	212,368	18,378	39,817	2,086,317
Non-current restricted cash	-	-	-	-	-
Total cash and cash equivalents	\$ 1,815,755	212,368	18,378	39,817	2,086,317

The notes to the financial statements are an integral part of this statement.

Vineyard City
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2017

**Reconciliation of Operating Income to Net Cash
Provided (Used) in Operating Activities:**

	Water Fund	Sewer Fund	Storm Water Fund	Transp- ortation Utility Fund	Total Utility Funds
Net operating income (expense)	\$ 57,278	(207,644)	9,606	25,491	(115,268)
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	68,530	262,774	-	-	331,304
Changes in assets and liabilities:					
(Increase) decrease in receivables	(55,641)	(40,241)	(1,968)	(1,961)	(99,811)
Increase (decrease) in payables	(1,032,515)	381,537	1,088	301	(649,589)
Net cash provided (used) in operating activities	<u>\$ (962,347)</u>	<u>396,426</u>	<u>8,726</u>	<u>23,831</u>	<u>(533,363)</u>

The notes to the financial statements are an integral part of this statement.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Vineyard City (the City) a municipal corporation located in Utah County, Utah, operates under a Mayor-Council form of government. The City was incorporated on May 11, 1989. The accompanying financial statements present their City and its component units, entities for which the City is considered to be financially accountable.

The City includes the financial statements of the Redevelopment Agency as a blended component unit and is reported in the Redevelopment Agency special revenue fund. This fund has substantively the same governing board as the primary government.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position reports the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *redevelopment agency special revenue fund* accounts for the funds to finance the acquisition for land, construct culinary water projects and sanitary sewer projects, placement of dry utilities and other infrastructures, and construct roads.

The *capital projects fund* accounts for financial resources used for the acquisition or construction of the capital facilities of the City (other than those of the enterprise funds).

The City reports the following nonmajor governmental funds:

The *impact fees special revenue fund* is used to account for the activity collection and use of impact fees.

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities regarding culinary water distribution.

The *sewer fund* is used to account for the activities regarding the operations of the sewer system collection and disposal system.

The *storm water fund* is used to account for the activities regarding the operations of the storm water system.

The *transportation utility fund* is used to account for the operations of the transportation activity.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

1-E-2. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-3. *Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the City by Utah County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. *Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. *Inventories and Prepaid items*

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions as required by GASB 68.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Additionally, the City reports deferred inflows of resources related to pensions as required by GASB 68.

1-E-7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-8. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-50
Utility systems	20-40
Infrastructure	15-40
Vehicles and equipment	5-10

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-E-9. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-10. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

1-E-11. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-12. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the City's highest level of decision making authority. The City Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-12. Fund balance policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Council may also assign fund balance, as it does when appropriating fund balance, to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

1-F. Estimates

The preparation of financial statements, in accordance with generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unassigned General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received to meet emergency expenditures, and to cover unanticipated deficits. Any unassigned General Fund balance greater than 25% of the current year's revenues must be appropriated within the following years..

Once adopted, the budget may be amended by the City Council without a hearing, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund net assets

None of the City's funds have deficit balances.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2017 consist of the following:

	Fair Value
Demand deposits	\$ 574,723
Investments - PTIF	36,137,053
Total cash	<u>\$ 36,711,776</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Cash and cash equivalents (current)	\$ 8,665,929
Restricted cash and cash equivalents (non-current)	28,045,847
Total cash and cash equivalents	<u>\$ 36,711,776</u>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that City funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-A. Deposits and investments (continued)

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2017, the City's investments in PTIF had an approximate fair value of \$36,137,053. The PTIF uses a Level 2 fair value measurement.

Deposit and Investment Risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2017, all of the City's demand deposits are covered by FDIC insurance.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year end for the City's funds are shown below:

	General Fund	RDA Fund	Water Fund	Sewer Fund	Storm Water Fund	Transp- ortation Fund	Total
Customers, current	\$ 57,892	50,843	112,802	64,866	7,927	4,473	298,804
Property tax	1,914,806	-	-	-	-	-	1,914,806
Total receivables	\$ 1,972,698	50,843	112,802	64,866	7,927	4,473	2,213,610

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land and land rights	\$ 10,754,674	-	-	10,754,674
Construction in progress	17,571,111	4,119,480	20,815,408	875,183
Total capital assets, not being depreciated	28,325,785	4,119,480	20,815,408	11,629,856
Capital assets, being depreciated:				
Buildings	567,709	1,843,563	-	2,411,272
Improvements other than buildings	39,698	164,261	-	203,959
Machinery and equipment	98,192	76,935	-	175,127
Town Infrastructure	26,594,972	-	-	26,594,972
RDA Infrastructure	-	18,807,584	-	18,807,584
Total capital assets, being depreciated	27,300,570	20,892,343	-	48,192,914
Less accumulated depreciation for:				
Buildings	317,047	14,478	-	331,525
Improvements other than buildings	28,933	1,993	-	30,926
Machinery and equipment	38,332	22,605	-	60,937
Town Infrastructure	1,977,772	742,865	-	2,720,637
RDA Infrastructure	-	-	-	-
Total accumulated depreciation	2,362,084	781,941	-	3,144,025
Total capital assets being depreciated, net	24,938,486	20,110,402	-	45,048,889
Governmental activities capital assets, net	\$ 53,264,272	24,229,882	20,815,408	56,678,745

Depreciation expense was charged to functions/programs of the primary government governmental activities was follows:

Governmental activities:	
General government	\$ 23,024
Highways and public improvements	755,112
Parks, recreation and public property	3,805
Total	\$ 781,941

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-C. Capital Assets (continued)

Capital asset activity for the business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land and water shares	\$ 531,575	-	-	531,575
Construction in progress	1,563,455	-	-	1,563,455
Total capital assets, not being depreciated	2,095,030	-	-	2,095,030
Capital assets, being depreciated:				
Water system	2,389,276	-	-	2,389,276
Sewer system	7,952,573	-	-	7,952,573
Total capital assets, being depreciated	10,341,849	-	-	10,341,849
Less accumulated depreciation for:				
Water system	380,302	68,530	-	448,832
Sewer system	998,761	262,774	-	1,261,535
Total accumulated depreciation	1,379,063	331,304	-	1,710,367
Total capital assets being depreciated, net	8,962,786	(331,304)	-	8,631,482
Business-type activities capital assets, net	\$ 11,057,816	(331,304)	-	10,726,512

Depreciation expense was charged to functions/programs of the primary government business-type activities was follows:

Business-type activities:	
Water	\$ 68,530
Sewer	262,774
Total	\$ 331,304

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-D. Long-term debt

Long-term liability activity for the year ended June 30, 2017 was as follows:

Governmental activities:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2012 RDA Revenue Bonds							
Matures 2032	\$ 10,000,000	3.46	\$ 8,539,000	-	8,539,000	-	-
2013 RDA Revenue Bonds							
Matures 2033	8,717,000	3.19	7,795,000	-	7,795,000	-	-
2016 Tax Increment Revenue Bond							
Matures 2025	16,150,000	3.00	16,150,000	-	3,094,000	13,056,000	1,468,000
2016 RDA Refunding Bond							
Matures 2031	15,576,000	2.45	-	15,576,000	1,041,000	14,535,000	883,000
Total bonds payable			32,484,000	15,576,000	20,469,000	27,591,000	2,351,000
Note Payable - Developer	8,110,267	-	7,349,769	-	321,025	7,028,744	-
Total governmental activity long-term liabilities			\$ 39,833,769	15,576,000	20,790,025	34,619,744	2,351,000

Business-type activities:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable - Developer	\$ 8,731,111	-	\$ 5,977,937	-	356,724	5,621,213	-
Total business-type activity long-term liabilities			\$ 5,977,937	-	356,724	5,621,213	-

Notes Payable - During the 2013 fiscal year, the City entered into an agreement to reimburse The Homestead, a developer, for work performed. The developer placed culinary water and sanitary sewer pipes, constructed roads, and storm drains. The City has agreed to reimburse the developer with a percentage of impact fees that are collected for the area the work was performed. Because reimbursement is contingent upon impact fees collected, there is no amortization schedule for this note.

Tax Increment Revenue Bond - During 2016, the City issued a bond to finance the removal and relocation of the UPRR rail spur that currently fronts Geneva road. This project will clean up the Geneva Road corridor and allow more access off Geneva Road. Principal and interest payments are to be made annually on May 1st.

RDA Refunding Bond - During 2017, the City issued bonds to refund the 2012 and 2013 RDA Tax Increment Revenue Bonds that were issued to finance the acquisition of land, construct culinary water projects and sanitary sewer projects, the placement of dry utilities and infrastructures, construction of roads, and other related projects within the Project Area. Principal payments are to be made annually on May 1st, and interest is to be paid semi-annually on November 1st and May 1st of each year.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-D. Long-term debt (continued)

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2018	\$ 2,351,000	747,788	3,098,788
2019	2,416,000	682,114	3,098,114
2020	2,485,000	614,606	3,099,606
2021	2,553,000	545,155	3,098,155
2022	2,626,000	473,784	3,099,784
2023 - 2027	10,493,000	1,281,287	11,774,287
2028 - 2031	4,667,000	431,139	5,098,139
Total	\$ 27,591,000	4,775,872	32,366,872

3-E. Redevelopment Agency disclosures

In accordance with Section 17A-2-1217(3), the following information is provided for the Redevelopment Agency Fund:

- a) The tax increment collected by the Development Agency was as follows:

Geneva Urban Renewal Project	\$ 6,067,383
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- b) The outstanding principal amount of bonds issued to finance the costs associated with the project areas are as follows:

Tax Increment Revenue Bonds	\$ 14,535,000
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- c) The following amounts were expended during the year ended June 30, 2017:

Site improvements	\$ 2,720,568
Bond payments	21,515,417
Administrative costs	1,609,844
Total	<u>\$ 25,845,829</u>

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-F. Interfund receivable, payables, and transfers

Interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ -	3,261,600
Capital Projects Fund	3,261,600	-
Total	\$ 3,261,600	3,261,600

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Rounding Convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-C. Subsequent Events

The City has evaluated subsequent events through January 5, 2018, the date the financial statements were available to be issued.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-D. Pension Plans

General Information about the Pension Plan

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust funds:

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system:

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employer retirement system;

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All past-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-D. Pension Plans (continued)

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	N/A	14.91	1.78
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 62,955	N/A
Tier 2 Public Employees System	60,708	-
Tier 2 DC Only System	617	-
Total Contributions	\$ 124,280	-

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, we reported a net pension asset of \$0 and a net pension liability of \$278,376.

	(Measurement Date): December 31, 2016			Proportionate	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Shre 12/31/2015	Increase (Decrease)
Noncontributory System	\$ -	\$ 275,120	0.0428454%	0.0267916%	0.0160538%
Tier 2 Public Employees System	-	3,256	0.0291848%	0.0164267%	0.0127581%
Total	\$ -	\$ 278,376			

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-D. Pension Plans (continued)

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, we recognize pension expense of \$141,581.

At June 30, 2017, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,976	\$ 10,187
Changes in assumptions	39,266	9,251
Net difference between projected and actual earnings on pension plan investments	62,372	18,518
Changes in proportion and difference between contributions and proportionate share of contributions	82,866	-
Contributions subsequent to the measurement date	78,448	-
Total	\$ 268,928	\$ 37,956

\$78,448 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2018	\$ 48,136
2018	48,374
2019	49,638
2020	5,259
2021	88
Thereafter	1,030

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-D. Pension Plans (continued)

Actuarial assumptions:

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary increases	3.35 - 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December, 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100.00%		5.23%
	Inflation		2.60%
	Expected arithmetic nominal return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Vineyard City
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-D. Pension Plans (continued)

Discount rate:

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 569,867	275,120	29,170
Tier 2 Public Employees System	22,159	3,256	(11,126)
Total	\$ 592,026	278,376	18,044

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plan:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, 2017, were as follows:

	2017	2016	2015
401(k) Plan			
Employer Contributions	\$ 65,122	\$ 35,493	\$ 16,037
Employee Contributions	11,422	11,270	3,827

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Vineyard City
Notes to Required Supplementary Information
June 30, 2017

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund and Redevelopment Agency Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2017, spending within each department was under budgeted amounts.

Changes in Assumptions Related to Pensions

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Vineyard City
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2017

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,990,000	2,348,000	2,362,547	14,547
Licenses and permits	510,000	2,010,000	2,041,817	31,817
Intergovernmental revenues	25,000	25,000	78,070	53,070
Charges for services	519,800	720,000	834,237	114,237
Fines and forfeitures	10,000	10,000	36,358	26,358
Interest	20,000	20,000	112,663	92,663
Miscellaneous revenue	6,000	6,000	3,652	(2,348)
Total revenues	3,080,800	5,139,000	5,469,344	330,344
Expenditures				
General government	1,678,600	1,960,900	1,848,976	111,924
Public safety	716,000	759,000	713,454	45,546
Streets and public works	383,500	564,500	402,155	162,345
Parks and recreation	123,000	93,000	85,729	7,271
Total expenditures	2,901,100	3,377,400	3,050,314	327,086
Excess (deficiency) of revenues over (under) expenditures	179,700	1,761,600	2,419,030	657,430
Other financing sources and (uses)				
Transfers out	(179,700)	(3,261,600)	(3,261,600)	-
Total other financing sources and (uses)	(179,700)	(3,261,600)	(3,261,600)	-
Net change in fund balances	-	(1,500,000)	(842,570)	657,430
Fund balances - beginning of year	2,122,095	2,122,095	2,122,095	-
Fund balances - end of year	\$ 2,122,095	622,095	1,279,525	657,430

Vineyard City
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - REDEVELOPMENT AGENCY FUND
For the Year Ended June 30, 2017

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 5,888,043	5,888,043	6,067,383	-
Charges for services	34,864	34,864	34,875	11
Interest	37,000	37,000	335,306	298,306
Total revenues	5,959,907	5,959,907	6,437,564	477,657
Expenditures				
General government	4,518,700	24,898,417	25,845,829	(947,412)
Total expenditures	4,518,700	24,898,417	25,845,829	(947,412)
Excess (deficiency) of revenues over (under) expenditures	1,441,207	(18,938,510)	(19,408,266)	(469,756)
Other financing sources and (uses)				
Bond proceeds	-	13,907,000	15,576,000	1,669,000
Total other financing sources and (uses)	-	13,907,000	15,576,000	(1,669,000)
Net change in fund balances	1,441,207	(5,031,510)	(3,832,266)	1,199,244
Fund balances - beginning of year	28,718,790	28,718,790	28,718,790	-
Fund balances - end of year	\$ 30,159,997	23,687,280	24,886,524	1,199,244

Vineyard City
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2017
Last 10 Fiscal Years*

	2016	2015	2014
Noncontributory Retirement System			
Proportion of the net pension liability (asset)	0.0428454%	0.0267916%	0.0164841%
Proportionate share of the net pension liability (asset)	\$ 275,120	\$ 151,600	\$ 71,578
Covered employee payroll	\$ 327,325	\$ 200,661	\$ 121,762
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	84.05%	75.55%	58.80%
Plan fiduciary net position as a percentage of the total pension liability	87.30%	87.80%	90.20%
Tier 2 Public Employee System			
Proportion of the net pension liability (asset)	0.0291848%	0.0164267%	0.0131259%
Proportionate share of the net pension liability (asset)	\$ 3,256	\$ (36)	\$ (398)
Covered employee payroll	\$ 239,338	\$ 106,132	\$ 64,352
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	95.10%	100.20%	103.50%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.

Vineyard City
SCHEDULE OF CONTRIBUTIONS
June 30, 2017
Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2014	\$ 13,468	\$ 13,468	\$ -	\$ 77,896	17.29%
	2015	31,458	31,458	-	171,009	18.40%
	2016	47,587	47,587	-	248,853	19.12%
	2017	62,955	62,955	-	396,016	15.90%
Tier 2 Public Employees System*	2014	\$ 7,498	\$ 7,498	\$ -	\$ 54,092	13.86%
	2015	11,989	11,989	-	90,991	13.18%
	2016	21,683	21,683	-	145,428	14.91%
	2017	60,708	60,708	-	407,162	14.91%
Tier 2 Public Employees DC Only System**	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	617	617	-	9,225	6.69%

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past 4 years.

Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 2 systems. Tier 2 systems were created effective July 1, 2011.

Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.